



Global Macro Outlook

Third Quarter 2025

The Macro Picture

The global policy environment continued to change rapidly in the second quarter. The US imposed, then suspended, massive tariffs on all its major trading partners, leaving the eventual global trading regime uncertain. Geopolitical tension escalated sharply, with armed conflict continuing in Ukraine and starting in Iran late in the quarter. Central banks around the world—except the US Federal Reserve (Fed)—cut interest rates in response to a deteriorating economic outlook. And despite all of that, most major asset prices ended the quarter more or less where they started after significant volatility along the way.

In our view, the relative calm in financial markets is an uneasy one. While we cannot know the impact of geopolitical developments on the economy at this early stage, the resilience of both the economy and the financial markets to the prolonged war in Ukraine suggests that it would take something quite dramatic to change the existing paradigm. In the meantime, we believe that markets are waiting for more information about the impact that policy and geopolitical changes will have on the global economy rather than responding preemptively in such an uncertain world.

As the year progresses, we will get more information about the impact that trade, fiscal and monetary policy changes will have on the global economy. Our forecast anticipates a slowdown in growth concentrated in the second half of this year. As growth slows, we expect that central banks will continue to ease policy, with the Fed likely to lower rates in the second half of the year as well. Those rate cuts will offset some of the damage that tariffs will cause, helping the global economy to avoid a recession. This doesn't mean that all is well, of course. Fiscal policy, particularly in the US, is on an unsustainable trajectory; we believe that the weakness of the dollar reflects concerns about the potential for longer-term structural changes that would be more important than any shorter-term fluctuations on which investors tend to focus.

Starting with trade policy, we've previously noted and continue to expect that tariffs will slow growth everywhere, including the US. There are early signs of that in the data already; "softer" measures of activity such as consumer and business confidence surveys have deteriorated amid tariff-related news. The harder data—actual spending and investment activity—are likely to follow suit later in the year. Within the United States, tariffs will push prices higher as all taxes tend to do, which has complicated the monetary policy calculation that the Fed must make. Slower growth argues for rate cuts, but higher prices would point in the opposite direction. Thus, even as inflation has slowed in the first half of the year, the Fed has been cautious and deferred rate cuts until they get more certainty about the magnitude of the impact tariffs will have on prices and on inflation expectations. We do expect easing in the coming quarters, and one consequence of a later start to the cycle is that it's likely to proceed more rapidly and to go somewhat farther once it starts than would have been the case otherwise. We expect the Fed eventually to push its policy rate below 3.0%, somewhat lower than the market currently anticipates.

Despite the fact that the Fed didn't cut rates in the first half, while other major central banks did, the dollar has depreciated significantly. The dollar's weakness is a reminder that trade policy is only one part of the changing environment. In the aftermath of the April tariff announcement, many in financial markets have come to question the role of the dollar as a global reserve currency. The dollar's unquestioned reign in that role has been based in part on the idea that US policy was process-oriented, predictable and rules-based. The shock that the tariff announcements engendered called all three of those ideas into question. Further, fiscal policy in the US seems set to deteriorate even further from what was already an unsustainable trajectory. The budget legislation currently under discussion in Congress is likely to add to the deficit, requiring even more debt issuance and increasing the possibility that investors will demand more compensation for holding US assets. The dollar's weakness may be the early stages of that process. If it continues, higher interest rates may follow. There have been massive flows of capital into US financial markets in recent years; should those reverse or simply slow, it could have meaningful impacts on asset prices.

Our base case is that the dollar remains the reserve currency of choice around the world. US financial markets should continue to benefit from the unparalleled depth and liquidity that they offer and thus will remain an attractive destination for global savings. Still,

Contents

The Macro Picture	1
Global Forecast	3
US	5
China	6
Euro Area	7
UK	8
Japan	8
Emerging Markets	9
Forecast Table	11
Contributors	12

the discussion around the role of the US in the world and the role of the dollar in financial markets will continue and, over time, the potential for changes in those roles may prove to be more important than anything that happens in the shorter term.

The debate about the dollar is also a timely reminder that it isn't only policy changes in the US that matter. Global savings are held, by and large, in Asia, and any changes to reserve management policy could be just as impactful as anything that the US does in terms of trade or fiscal policy. The Trump administration is correct that the US economy is relatively more sheltered from the fallout of the trade war than other major economies. But we would caution that the US is more exposed to changes in global investment patterns than are other countries.

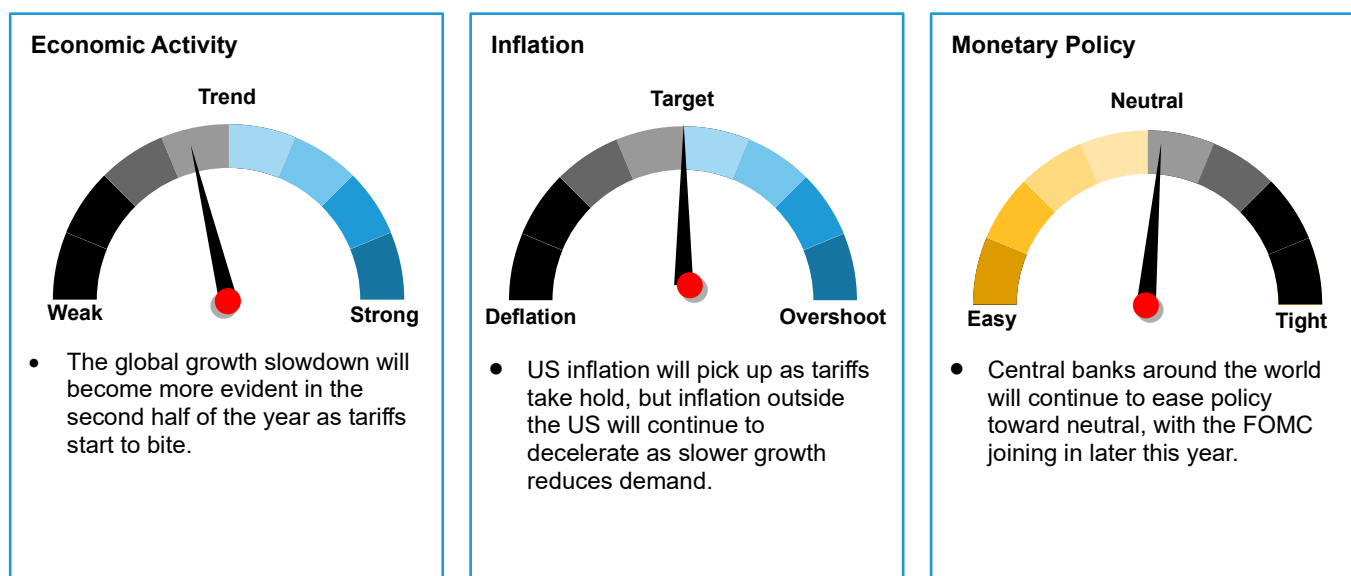
China has the ability to influence events beyond its borders with policy changes. Reducing or stopping the flow of capital from China to US financial markets would be very disruptive—capital inflows to the US have been one of the defining features of the last few years. The US has leverage over China in trade policy, but China has leverage over the US in financial policy. To be clear, there are as yet no signs that China is using or intends to use its leverage to disrupt the US market. But it's a topic that warrants close watching, given how impactful any change could be.

Leaving aside the possibility of structural changes to reserve management, nearer-term changes to monetary policy are already well underway outside the US. If the calculation for the Fed has been complicated by the possibility that tariffs will raise domestic prices, the opposite is true elsewhere. If Chinese exports are redirected away from the US and toward other major economies, prices outside the US may fall rather than rise as the trade war progresses. While the US may have slower growth and higher prices, Europe especially seems set to see slower growth and lower prices. With both major monetary policy variables pointing the same direction, the European Central Bank (ECB) has steadily cut rates in the last few months and likely has more cuts to make. The same is true of other major economies. There have been rate cuts throughout the dollar bloc, in Scandinavia and in many emerging markets as well. The magnitude of the easing cycle will eventually be determined by the extent of the economic slowdown underway. Because we expect that slowdown to be moderate, we think that most central banks will be able to stop cutting rates without reaching the sorts of crisis levels that prevailed during and immediately after the pandemic and the financial crises that defined the last two recessions.

Importantly, we expect that rate cuts around the world will work to stabilize the economy. Our forecasts show growth inflecting upward in 2026 after slowing later this year. That expectation relies heavily on the trade war being largely resolved in the next few months and include lower trade barriers than those announced in early April. In order to resume capital expenditures and fixed investment spending, businesses around the world need to be confident that they know what the rules of the road will be. If trade-related uncertainty persists, or if the end result of the trade war is something close to the tariffs announced and then suspended in early April, a recession will become more likely.

In the meantime, investors are likely to watch and wait to see how it all shakes out. Our base case is relatively benign, with geopolitical risks not derailing the economy, structural shifts in reserve management not disrupting financial markets, and trade policy slowing but not stopping growth, with easier monetary policy offsetting some of the damage. It's a challenging environment but one that presents opportunities as well as risks for investors willing to look past the headlines and to stomach some volatility in financial markets.

Global Macro Outlook: The Next Six Months



Global Forecast

Forecast Overview

Key Assumptions

- **Financial:** We assume no dramatic change to global reserve management that would upend financial markets.
- **Geopolitical:** We assume oil prices will not move sharply higher or stay sharply higher in response to conflicts in Ukraine or the Middle East.
- **Monetary Policy:** Central banks are set to continue cutting rates, with the Fed likely to join later this year. For now, rate cuts will push policy toward neutral rather than through it, though that may change in 2026.

Central Narrative

- **Global Growth:** Trade policy and uncertainty are weighing on growth and will continue to do so for the foreseeable future.
- **Inflation:** Underlying inflationary pressure is easing in the US and is lower elsewhere, but tariffs could push US prices higher.
- **Yields:** Global yields seem set to fall as inflation declines and rate cuts continue; the US is a less clear case.
- **USD:** The risk of structural change should push the USD lower, though rate differentials will provide some offset.

Key Upside Risks

- A resolution to the trade war could unlock business investment.
- If geopolitical conflict proves short-lived, that could boost sentiment.

Key Downside Risks

- The situation in Iran could push energy costs sharply higher.
- The market appears to assume that trade negotiations will be successful. If not, reconsidering that assumption could be painful.
- The US budget debate could push investors out of US assets.

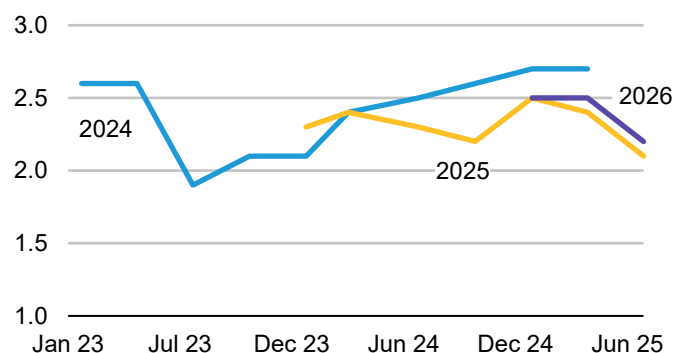
AB Growth and Inflation Forecasts (Percent)

	Real GDP Growth		CPI Inflation	
	2025	2026	2025	2026
US	0.5	1.5	3.8	2.7
Euro Area	0.8	0.9	2.1	1.8
Japan	0.8	1.0	2.6	2.0
China	4.3	4.3	0.5	1.0
Global	2.1	2.1	3.4	2.8
Industrial Countries	1.1	1.1	3.1	2.4
Emerging Countries	3.5	3.7	3.9	3.6
EM ex China/Russia	3.2	3.5	7.2	6.2

*US GDP forecasts presented as 4Q/4Q; others YoY; US CPI reflects core inflation; others are headline. As of January 2, 2024
Source: AllianceBernstein (AB)

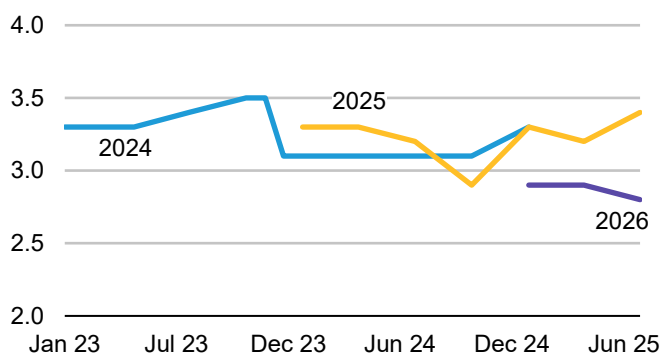
Forecasts Through Time

AB Global Growth Forecasts by Vintage



As of June 30, 2025
Source: AB

AB Global Inflation Forecasts by Vintage



As of June 30, 2025
Source: AB

US

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
US	0.5	1.5	3.8	2.7	3.63	2.63	4.0	3.75

- The US economy was largely steady in the second quarter, but consumer and business sentiment surveys suggested expectations of a deterioration to come, largely driven by trade and tariff policy.
- Price pressures continued to abate, with core inflation moving toward cycle lows. The impact of tariffs has yet to be felt and it seems likely that pressures will mount as businesses work through inventory that was brought in ahead of time.
- The labor market remains strong, allowing the Fed to take a wait-and-see approach to the impact of tariffs. While most forecasters anticipate higher prices and slower growth, the Fed needs to see evidence before committing to a forward path.

Risk Factors

- Trade negotiations are ongoing, and if deals are not struck with important trading partners, tariff rates could revert to those announced in early April, likely disrupting the economy significantly.
- Tariffs are likely to bring higher prices; if those prices contaminate longer-term inflation expectations it could prevent the FOMC from easing monetary policy in the event of a slowdown.
- The role of the dollar in global financial markets appears more precarious than it has been as a result of abrupt policy changes and fiscal indiscipline. Decreased global demand for dollars would impact financial markets more broadly, slowing growth.

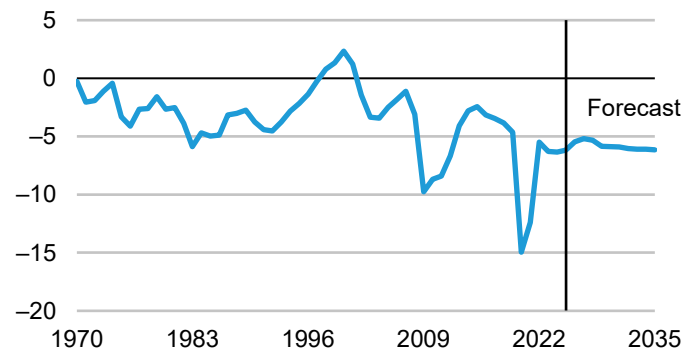
Overview

At a superficial level, things seem more or less okay for the US economy. Hard data show very little disruption from the tariffs announced and then delayed in early April, the labor market remains strong and inflationary pressures have eased. Beneath the surface, however, the water is not calm. Tariffs have been delayed, not cancelled, sentiment surveys have deteriorated, fiscal policy seems set to increase deficits and indebtedness and the role of the dollar is in question. A little bit of policy predictability would go a long way, especially if it were to be accompanied by a renewed willingness to abide by the implicit rules of the global system, but neither seems to be in store in the near term. The result is an outlook that remains murky. We don't know yet whether the impact of tariffs will be greater on growth or on inflation, we don't know whether the administration will resume constructive rather than confrontational relations with friend and foe alike, and we don't know whether markets will be able to digest an ever-growing pile of Treasury debt. The next few months will be telling.

The good news is that the starting point is relatively strong. The economy is for now in something like equilibrium, with the labor market balanced and both inflation and inflation expectations stable. The Fed has ample room to cut rates to stimulate growth when it becomes necessary; we anticipate this will happen in the coming months. The bigger question around the willingness of international markets to treat US assets as risk-free and the dollar as the reserve currency is unlikely to be resolved in the near term, but it also seems unlikely to be disruptive over the next few months. That gives the administration time to resolve trade policy, it gives markets time to digest the cost of rising deficits, and it gives the Fed time to see how it all shakes out before committing to a next step. While it's easy to focus on the risks around the base case, it's worth remembering that the base case is fairly benign: a

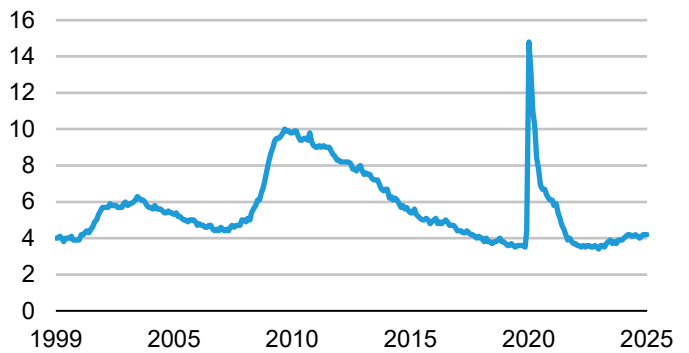
modest slowdown cushioned by easier monetary policy which paves the way for a reacceleration in 2026. Despite all the turbulence in the last few months, we continue to believe that is the most likely outcome over time.

US Deficit



As of June 30, 2025
Source: AB

US Unemployment (Percent)



As of June 30, 2025
Source: AB

China

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
China	4.3	4.3	0.5	1	1	1.25	2	2.25	7.2	7.2

Outlook

- China's economic outlook is uncertain, with much depending on the resolution of trade negotiations with the US. For now, there are signs in the data that the tariffs currently in place are having an impact: growth is slowing.
- As growth has slowed, so too has inflation. Both CPI and PPI are negative in YoY terms, and the net result is a very slow rate of nominal GDP growth, meaning that China is acting as more of a drag than a support to the global economy for now.
- Policymakers are responding to the challenge with easier conditions, primarily by injecting liquidity into the system. Important policy meetings are due in the next few months that will give more details about how far policymakers are willing to go to keep growth on track.

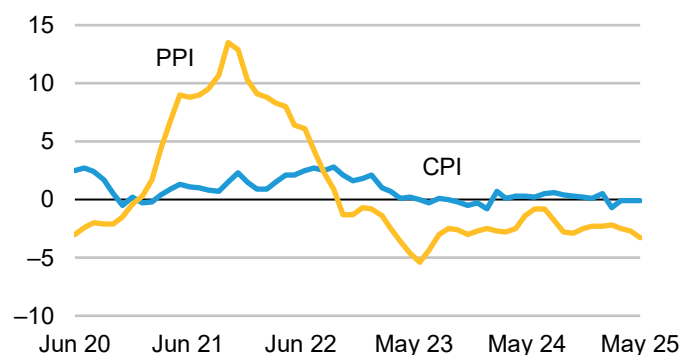
Risk Factors

- Domestic sentiment is weak, and the impact of deflation on house prices in particular suggests that it will remain so. If trade to the US is limited by tariffs, domestic consumers appear ill-positioned to pick up the demand slack.
- Geopolitics are an ever-present risk in the face of an unpredictable global environment. If energy prices rise in response to global tensions, it would be another blow to an already weak economy.

Overview

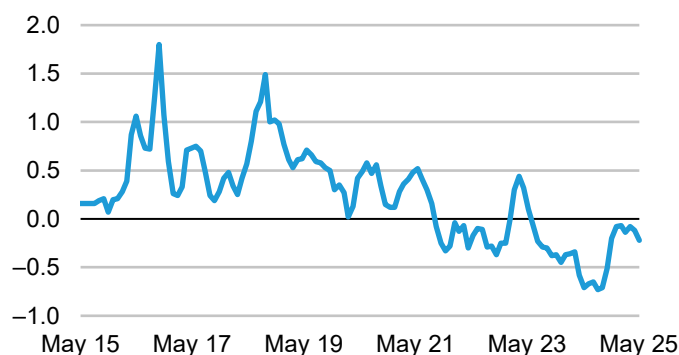
China's economy remains soft, and trade tensions pose more downside risk. Until it's clear what the eventual result of the trade negotiations between the US and China is, formulating a clear expectation for the economy will be very difficult. A modest increase in tariffs can likely be offset by policy stimulus, but a more severe application of trade restrictions would be quite hard to overcome. While we wait for the resolution of the negotiations, the behavior of Chinese policymakers suggests that we should expect the economy to muddle through for the time being. There's support on the way, but for now it's limited to curtailing the risk of a sharp deceleration rather than doing much to inject economic upside into the equation. We expect that more support will be both necessary and forthcoming no matter the fate of trade policy but given the wide range of outcomes we don't blame Chinese authorities for taking a measured approach for the time being rather than guessing at what will come to pass. In the meantime, the domestic economy remains soggy and downward pressures on prices persist. Housing assets are key to consumer behavior and low sentiment in China along with deflation aren't helping the situation. There are significant policy meetings over the summer that are expected to set the economic agenda for the remainder of the year, but until there is clarity on trade, any policy announcements should be considered preliminary rather than permanent. The economy is in limbo for now, and so too are policymakers.

China Inflation (Percent)



As of June 30, 2025
Source: LSEG Datastream

Change in New Home Prices (Percent)



As of June 30, 2025
Source: LSEG Datastream

Euro Area

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Euro Area	0.8	0.9	2.1	1.8	1.75	1.75	2.2	2.4	1.14	1.16

Outlook

- We expect growth to be weak in 2025, while a recession cannot be excluded. Given recent communication, tariffs on the EU could stand anywhere between 20% and 50%.
- From 2026, the outlook for growth should brighten, mostly driven by Germany's fiscal expansion.
- Inflation has sustainably reached its target as of now. Undershooting risks in the medium term are on the rise and could become entrenched.
- The ECB reached neutral territory but is not done with easing. We expect at least one more cut this year with risks of more cuts more likely than less.

Risk Factors

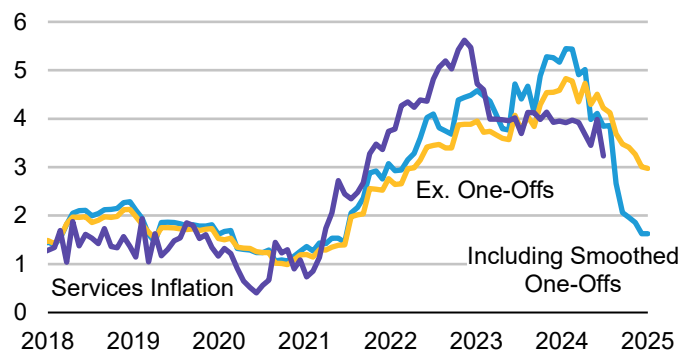
- Geopolitical events pose a major risk to energy prices and could lead to higher imported inflation. That said, a strong euro would help limit the inflationary impact.
- Higher spending in Germany represents a clear upside risk to our medium-term outlook. However, the plan could disappoint if not implemented and allocated efficiently, in which case the boost to growth could be delayed.

Overview

Europe continues to face downside risks to growth as uncertainty ahead of the end of the 90-day tariffs looms. Negotiations on that matter have reached nowhere thus far, and recent communication suggests that expecting 10% tariffs is too optimistic. Obviously, recession probability and intensity increase with the level of tariffs and cannot be excluded, even if only short-lived and mild. Not to mention that tariff-related export front-loading that boosted GDP growth figures in the first quarter, and likely in the second, will reverse in the second half of the year and consequently drag growth down. And while inflation is now sustainably at target and rates at neutral, households are still reluctant to consume even as their saving rate remains high. That said, medium-term growth should benefit from expansionary fiscal policy in Germany. Indeed, infrastructure and, to a lesser extent, defense spending announced in March should provide much-needed support to the largest European economy, improving overall regional growth. Implementation strategy will be key to determine the overall efficiency of fiscal reforms from 2026 onwards and the second half of 2025 should see more details and clarity.

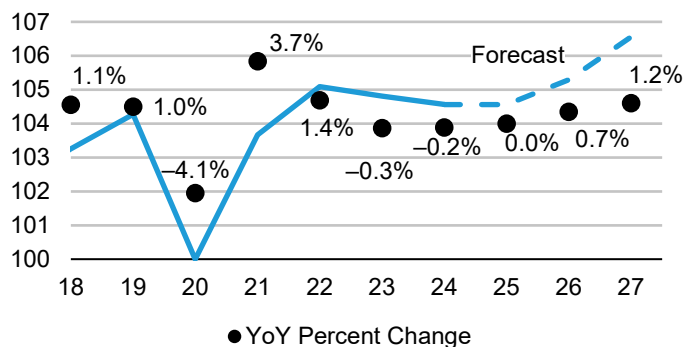
The ECB has now reached a comfortable level of rates that is within the range of estimated neutral. That's not to say that the ECB is done with its cutting cycle, but rather it is ready to slow it down. Given downside risks to growth but also that inflation is sustainably back to target, the case for further cuts is still valid. Especially in a context where medium-term undershooting risks are on the rise. While the ECB forecasts an undershoot in 2026 driven by lower energy prices and a strong euro, it is so far reluctant to adjust its reaction function as the undershoot is seen as temporary. That said, I think the central bank will eventually need to be proactive and avoid undershooting risks of being entrenched. With GDP growth remaining weak and wage growth significantly normalizing by the end of the year, underlying domestic prices could become a source of strong disinflation.

ECB Wage Tracker (Year-over-Year Percentage)



As of June 25, 2025
Source: ECB and AB

German GDP (2020 = 100)



As of June 6, 2025
Source: Bundesbank and AB

UK

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
UK	0.9	1.1	3.3	2.5	3.75	3.25	4.5	4	1.35	1.35

Overview

In the UK, the balance of risks remains tilted to the downside. While the direct impact of tariffs is likely to be more contained than in Europe, uncertainty still weighs, and a global growth slowdown is a negative exogenous factor to consider. Meanwhile, domestic growth drivers remain muted, and survey indicators suggest that this is likely to last for the quarters ahead. Although their financial situation is perceived to have improved, households recently increased their saving intentions, further depressing consumption. The labor market continues to ease and might not be too far from weakening. All indicators taken together, regardless of their quality limitations, point in an unfavorable direction. Meanwhile, CPI inflation started to be affected by cost push factors and higher gas and electricity price caps, and we expect it to remain above 3% for the remainder of the year. The risks of second-round effects so far appear to be very limited, which should allow core disinflation to proceed, albeit at a slow pace. The Bank of England's (BoE) reaction function is more skewed towards domestic inflationary risks, and quarterly cuts remain the most appropriate approach to removing monetary policy restrictiveness. If growth slows more rapidly towards the end of the year, the BoE could be forced to react more forcefully and to expedite cuts. The central bank is also increasingly likely to announce a reduction in quantitative tightening (QT) for September 2025 to September 2026, as its balance sheet is approaching its pre-pandemic level. This would also help alleviate gilt-market volatility that will resurface around the Autumn Budget discussions, as the Chancellor will have to find new measures to restore the headroom towards her fiscal target.

Japan

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Japan	0.8	1	2.6	2	0.75	1	1.7	2	135	130

Overview

The Japanese economy remains off-cycle with most of the rest of the developed world. After a decade of wrestling with deflation, the Bank of Japan (BOJ) has raised rates in recent quarters even as most other central banks have cut them. As its economy continues to normalize, interest rates across the curve are moving higher as well for the first time in many years. That has increased investor focus on Japan, with many wondering how long the economy can withstand a less favorable global environment and allow rates to continue moving up. Our answer is that the trend can continue for the time being, but not indefinitely. We think there is only limited scope for the BOJ to continue with rate increases and suspect that inflation is unlikely to demand that they do so beyond the next few quarters.

Emerging Markets

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
EM ex China/Russia	3.2	3.5	7.2	6.2	10.02	8.74	8.77	8.42	—	—
Asia	4.3	4.8	2.9	3.3	4.29	4.34	5.11	5.3	—	—
LATAM	1.7	1.8	8.2	6.2	14.27	11.84	10.45	9.54	—	—
EEMEA	1.9	2.2	13.4	10.4	17.67	14.47	9.33	8.69	—	—

Outlook

- The crystallization of higher tariffs, trade normalization and relatively tight monetary policy are likely to contribute to a sharp slowdown in economic growth over the next couple of quarters
- The weak growth backdrop will, in our view, support further monetary easing in emerging markets (EM)

Risk Factors

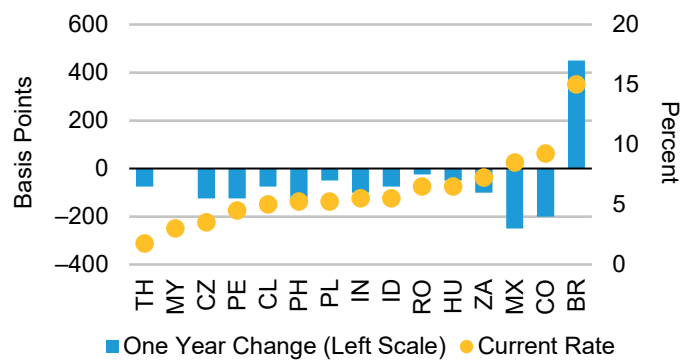
- EM's fiscal dynamics remain vulnerable to a slowdown in economic activity
- Conflict risks in the Middle East remain elevated

We expect below-trend growth in EM in 2025, but the second half of the year is when the chickens could come home to roost. The crystallization of higher tariffs, trade normalization and relatively tight monetary policy are likely to contribute to a sharp slowdown in economic growth over the next couple of quarters. The weak growth backdrop will, in our view, support further monetary easing in EM (see Figure 1). While below-potential economic growth is common, inflation dynamics range from relatively uncomfortable (Brazil, Colombia, Romania) to subdued (India, Indonesia, South Africa). Target-friendly inflation looks most secure in Asia, with persistent powerful disinflationary impulses in China. Structural inflation risks linger—fueled by higher tariffs and shifts in global trade—but cyclical softening is expected to be a powerful disinflationary driver over the next six to 12 months.

While economic growth is projected to slow sharply in the second half of the year, EM's external buffers are generally quite strong, which could alleviate fundamental pressures on EM asset prices. The relatively strong external positions in EM follow the frontloading of trade, strong remittance inflows, and favorable valuation effects of reserves because of higher gold prices. China—and Asia in general—has recorded impressive current account surpluses early in the year (see Figure 2), but the positive external dynamics and reserve build-up have also been observed across several frontier markets. EM's external position might deteriorate somewhat over the next few quarters if trade normalizes and higher tariffs come into effect. We do, however, think that US dollar depreciation remains likely over the next six to 12 months, which should alleviate external financing pressure. The fiscal side of the equation remains more vulnerable and susceptible to a slowdown in economic activity.

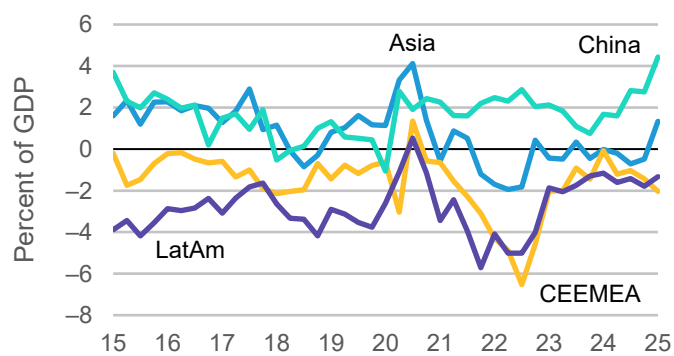
Since Israel's preemptive strike on Iran's nuclear facilities and military assets on June 13, followed a week later by US attacks on three key nuclear installations (Fordow, Natanz, and Isfahan), conflict risks in the Middle East have remained elevated. Although Israel and Iran entered a fragile ceasefire brokered by US President Trump, initial assessments indicate that the US strikes failed to fully dismantle Iran's nuclear program, leaving Israel's and the US's primary war objectives potentially unresolved. In particular, reports citing a classified Pentagon assessment suggest Iran's nuclear program has been delayed by several months at most. A critical risk now is that these strikes may prompt the Iranian regime to accelerate its nuclear development in pursuit of a tangible nuclear deterrent. If Israel and the US perceive such a risk as credible, renewed interventions could occur. Escalation would carry significant additional dangers, including potential damage to Iran's oil infrastructure and—in an extreme scenario—disruptions to critical regional transportation routes, notably the Strait of Hormuz. While Iran itself relies on the strait for global oil shipments and revenues, making a blockage counterproductive to its economic interests, such disruptions could nevertheless amplify global economic pressures through higher oil prices and sustained geopolitical instability.

EM Policy Rates & Changes



As of June 30, 2025
Source: Bloomberg and AB

EM Current Account Balances



As of June 30, 2025
Source: Haver Analytics and AB

Forecast Table

	Real Growth (%)		Inflation (%)		Official Rates (%)		Long Rates (%)		FX Rates vs. USD	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Global	2.1	2.1	3.4	2.8	4.15	3.49	3.91	3.85	—	—
Global ex Russia	2.1	2.2	3.3	2.8	3.77	3.25	3.94	3.94	—	—
Industrial Countries	1.1	1.1	3.1	2.4	2.95	2.28	3.32	3.22	—	—
Emerging Countries	3.5	3.7	3.9	3.6	5.92	5.32	4.8	4.81	—	—
EM ex China	2.9	3.2	7.3	6	10.8	9.25	7.71	7.37	—	—
EM ex China/Russia	3.2	3.5	7.2	6.2	10.02	8.74	8.77	8.42	—	—
US	0.5	1.5	3.8	2.7	3.63	2.63	4	3.75	—	—
Percent of Year-over-Year Methodology	1.3	1.1								
Canada	1.2	1.3	2.2	2.2	1.75	1.5	2.5	2.5	1.33	1.3
Europe	0.8	0.9	2.3	1.9	2.14	2.03	2.65	2.7	1.19	1.2
Euro Area	0.8	0.9	2.1	1.8	1.75	1.75	2.2	2.4	1.14	1.16
UK	0.9	1.1	3.3	2.5	3.75	3.25	4.5	4	1.35	1.35
Japan	0.8	1	2.6	2	0.75	1	1.7	2	135	130
Australia	1.5	2.4	2.6	2.7	3.35	3.1	4	3.75	0.68	0.7
New Zealand	1	2.5	2.2	2.2	2.75	2.75	4	4	0.65	0.67
China	4.3	4.3	0.5	1	1	1.25	2	2.25	7.2	7.2
Asia ex Japan & China	4.3	4.8	2.9	3.3	4.29	4.34	5.11	5.3	—	—
India	5.9	6.2	4.2	4.5	5.5	5.5	6.3	6.5	85	85
Indonesia	4.6	4.9	1.7	2.5	5	5	6.5	6.9	15,900	16,200
Korea	0.9	1.8	2	1.9	2	2	2.5	2.3	1,370	1,318
Thailand	2.1	2.2	0.7	1	1.4	1.3	1.76	1.62	33	32.2
Latin America	1.7	1.8	8.2	6.2	14.27	11.84	10.45	9.54	—	—
Argentina	5	4	35	25	45	35	—	—	1,350.00	1,500.00
Brazil	2	1.7	5.3	4.3	15	13	13.25	12.5	5.4	5.2
Chile	2.2	2	4.4	3.5	4.5	4	5.45	5	900	875
Colombia	2.8	2.6	4.7	3.5	8.25	7.5	11.5	10.5	4,100	3,900
Mexico	-0.5	0.9	4.3	3.8	7	6.5	8.5	8	19	18.8
EEMEA	1.9	2.2	13.4	10.4	17.67	14.47	9.33	8.69	—	—
Hungary	1.6	2.5	5.5	4.4	6	4.5	6.6	6	399	391
Poland	3.2	3.1	4.5	3.6	4.75	3.75	5	4.7	4.22	4.18
Russia	1.2	1.4	8.3	5.8	18	15	—	—	85	85
South Africa	1	1.4	3.2	4.3	6.75	6.75	9.75	10.2	17.4	18
Turkey	2.7	3.2	35	27	35	28	29	26	43	50

Growth and inflation forecasts are calendar-year averages except US GDP, which is forecast as 4Q/4Q. Interest-rate and FX rates are year-end forecasts.

Long rates are 10-year yields unless otherwise indicated.

The long rates aggregate excludes Argentina and Russia; Argentina is not forecast due to distortions in the local financial market; Russia is not forecast because the local market is inaccessible to foreign investors.

Real growth aggregates represent 29 country forecasts, not all of which are shown.

Contributors

Eric Winograd
eric.winograd@alliancebernstein.com

Adriaan du Toit
adriaan.dutoit@alliancebernstein.com

Sandra Rhouma
sandra.rhouma@alliancebernstein.com

Armando Armenta
armando.amenta@alliancebernstein.com

Markus Schneider
markus.schneider@alliancebernstein.com

INVESTMENT RISKS TO CONSIDER

The value of an investment can go down as well as up and investors may not get back the full amount they invested. Capital is at risk. Past performance does not guarantee future results. There is no guarantee that any estimates or forecasts will be realized.

Important Information

The views expressed here may change at any time after the date of this publication. This document is for informational purposes only and does not constitute investment advice. AllianceBernstein L.P. does not provide tax, legal or accounting advice. It does not take an investor's personal investment objectives or financial situation into account; investors should discuss their individual circumstances with appropriate professionals before making any decisions.

This information should not be construed as sales or marketing material, or an offer or solicitation for the purchase or sale of any financial instrument, product or service sponsored by AllianceBernstein or its affiliates. References to specific securities are presented to illustrate the application of our investment philosophy only and are not to be considered recommendations by AB. AllianceBernstein and its affiliates may have positions in, and may effect transactions in, the markets, industry sectors and companies described herein. **Note to All Readers:** The information contained here reflects the views of AllianceBernstein L.P. or its affiliates and sources it believes are reliable as of the date of this publication. AllianceBernstein L.P. makes no representations or warranties concerning the accuracy of any data. There is no guarantee that any projection, forecast or opinion in this material will be realized. **Note to Readers in Canada:** AllianceBernstein provides its investment-management services in Canada through its affiliates Sanford C. Bernstein & Co., LLC and AllianceBernstein Canada, Inc. It should not be construed as advice as to the investing in or the buying or selling of securities, or as an activity in furtherance of a trade in securities. **Note to Readers in the United Kingdom and Europe: For Investment Professional use only. Not for inspection by, distribution or quotation to, the general public. Note to Readers in the United Kingdom:** Issued by AllianceBernstein Limited, 60 London Wall, London, EC2M 5SJ. Registered in England, No. 2551144. AllianceBernstein Limited is authorised and regulated in the UK by the Financial Conduct Authority. **Note to Readers in Europe:** Issued by AllianceBernstein (Luxembourg) S.à r.l. Société à responsabilité limitée, R.C.S. Luxembourg B 34 305, 2-4, rue Eugène Ruppert, L-2453 Luxembourg. Authorised in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier (CSSF). **Note to Readers in Switzerland:** This information is directed at Qualified Investors only. Issued by AllianceBernstein Schweiz AG, Zürich, a company registered in Switzerland under company number CHE-306.220.501. AllianceBernstein Schweiz AG is a financial service provider within the meaning of the Financial Services Act (FinSA) and is not subject to any prudential supervision in Switzerland. Further information on the company, its services and products, in accordance with Art. 8 FinSA can be found on the Important Disclosures page at www.alliancebernstein.com. **Note to Readers in the United Arab Emirates, Kuwait, Kingdom of Saudi Arabia, Kingdom of Bahrain, Qatar and Oman:** AllianceBernstein Limited has established a subsidiary in the Dubai International Financial Centre (DIFC) with number 6639, which is regulated by the Dubai Financial Services Authority (DFSA). The registered office is Unit GD-GB-00-15-BC-29-0, Level 15, Gate District Gate Building, Dubai International Financial Centre, Dubai, United Arab Emirates. Promotions of financial information made by AllianceBernstein (DIFC) Limited are carried out on behalf of its group entities. This document is intended for Professional Clients or Market Counterparties only as defined by the DFSA and no other person should act upon it. The information contained herein does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates, Kuwait, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar, or Oman, and accordingly should not be construed as such. The strategies have not been approved by or licensed or registered with the Dubai Financial Services Authority, the Financial Services Regulatory Authority, the Kuwait Capital Markets Authority, the Saudi Arabian Capital Market Authority, the Central Bank of Bahrain, the Qatar Financial Markets Authority, the Oman Regulatory Authority, or any other relevant licensing authorities or governmental agencies in these jurisdictions (the "Authorities"). The Authorities assume no responsibility for the contents of this document. No offer will be made in the following jurisdictions: Kuwait, Kingdom of Saudi Arabia, Kingdom of Bahrain or Qatar. This document is intended to be read by the named addressee only and must not be passed to, issued to, or shown to the public generally (other than

employees, agents, or consultants in connection with the addressee's consideration thereof). **Note to Readers in Ghana, Nigeria, Botswana, Uganda, Zambia and Kenya:** AllianceBernstein L.P. or its affiliates (including AllianceBernstein (DIFC) Limited) are not licensed to carry on business in Ghana, Nigeria, Botswana, Uganda, Zambia or Kenya, and neither the Securities and Exchange Commission of Ghana, the Securities and Exchange Commission of Nigeria, the Regulatory Authority of Botswana, the Capital Markets Authority of Kenya, nor any regulatory agency in these countries has approved or disapproved of the provision of the services by AllianceBernstein L.P. or its affiliates. It may be difficult for you to enforce your rights and any claim you may have arising under the securities laws of Ghana, Nigeria, or Kenya, since AllianceBernstein L.P. or its affiliates are located outside these countries and some or all of its officers and directors may be resident outside these countries. You may not be able to sue AllianceBernstein L.P. or its affiliates or its officers or directors in a Ghanaian, Nigerian, or Kenyan court for violations of the respective securities laws. Further, it may be difficult to compel AllianceBernstein L.P. or its affiliates to subject themselves to a court's judgment in these countries. The product is not offered to the public and, depending on local private placement rules, it may only be offered to selected/limited number of investors or through reverse solicitation (where allowed). Important—if you are in any doubt about the contents of this offering document, you should consult your stockbroker, bank manager, lawyer, accountant, or other financial adviser; and the price of units or shares and the income from them (where income is distributed) may go down as well as up. **Note to Readers in Japan: For Institutional Investor use only. Not for inspection by, distribution or quotation to, the general public.** This document has been provided by AllianceBernstein Japan Ltd. AllianceBernstein Japan Ltd. is a registered investment-management company (registration number: Kanto Local Financial Bureau no. 303). It is also a member of the Japan Investment Advisers Association; the Investment Trusts Association, Japan; the Japan Securities Dealers Association; and the Type II Financial Instruments Firms Association. The product/service may not be offered or sold in Japan; this document is not made to solicit investment. **Note to Readers in Australia and New Zealand: For Institutional Investor use only. Not for inspection by, distribution or quotation to, the general public.** This document has been issued by AllianceBernstein Australia Limited (ABN 53 095 022 718 and AFSL 230698). Information in this document is intended only for persons who qualify as "wholesale clients," as defined in the Corporations Act 2001 (Cth of Australia) or the Financial Advisers Act 2008 (New Zealand), and is general in nature and does not take into account any person's objectives, financial situation or needs. **Note to Readers in Hong Kong: For Institutional Investor use only. Not for inspection by, distribution or quotation to, the general public. The issuer of this document is AllianceBernstein Hong Kong Limited 聯博香港有限公司** This document has not been reviewed by the Hong Kong Securities and Futures Commission. **Note to Readers in China:** This information contained here reflects AllianceBernstein Hong Kong Limited ("AB") or its affiliates and sources it believes are reliable as of the date of this publication. This presentation has been provided to you for the sole use in a private and confidential meeting. AB makes no representations or warranties concerning the accuracy of any data. There is no guarantee that any projection, forecast or opinion in this material will be realized. Past performance does not guarantee future results. The views expressed here may change at any time after the date of this publication. This presentation is for informational purposes only and does not constitute investment advice. AB does not provide tax, legal or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions. This presentation or any information contained or incorporated by reference herein does not constitute an offer to sell or the solicitation of an offer to purchase any financial instrument, product or service sponsored by AB or its affiliates within the People's Republic of China ("PRC", for such purposes, excluding Hong Kong, Macao and Taiwan). **Note to Readers in Vietnam, the Philippines, Brunei, Thailand, Indonesia and India:** This document is provided solely for the informational purposes of institutional investors and is not investment advice, nor is it intended to be an offer or solicitation, and does not pertain to the specific investment objectives, financial situation or particular needs of any person to whom it is sent. This document is not an advertisement and is not intended for public use or additional distribution. AllianceBernstein is not licensed to, and does not purport to, conduct any business or offer any services in any of the above countries. **Note to Readers in Malaysia: For Institutional Investor use only. Not for inspection by, distribution or quotation to, the general public.** Nothing in this document should be construed as an invitation or offer to subscribe to or purchase any securities, nor is it an offering of fund management services, advice, analysis or a report concerning securities. AB is not licensed to, and does not purport to, conduct any business or offer any services in Malaysia. Without prejudice to the generality of the foregoing, AB does not hold a capital-markets services license under the Capital Markets & Services Act 2007 of Malaysia, and does not, nor does it purport to, deal in securities, trade in futures contracts, manage funds, offer corporate finance or investment advice, or provide financial-planning services in Malaysia. **Note to Readers in Singapore:** This document has been issued by AllianceBernstein (Singapore) Ltd. ("ABSL", Company Registration No. 199703364C). AllianceBernstein (Luxembourg) S.à r.l. is the management company of the Portfolio and has appointed ABSL as its agent for service of process and as its Singapore representative. AllianceBernstein (Singapore) Ltd. is regulated by the Monetary Authority of Singapore. This advertisement has not been reviewed by the Monetary Authority of Singapore. The [A/B] logo and AllianceBernstein® are registered trademarks used by permission of the owner, AllianceBernstein L.P.

© 2025 AllianceBernstein L.P.

UMF-763050-2025-07-01
ICN20250904